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## News release

### **Lindex's result charged with one-off costs of SEK 71M**

**Lindex's profit after financial income and expenses is provisionally estimated to amount to SEK 1M for the third quarter of the 2003/2004 financial year. The operating result is charged with one-off write-downs of the ladies' wear inventory as well as structural and closure costs, totalling SEK 71M.**

Lindex's sales for the third quarter (March-May 2004) are provisionally estimated to amount to SEK 1,282M (1,252) and profit after financial items to SEK 1M (76). The operating result is charged with SEK 45M for one-off write-downs of ladies' wear inventories, SEK 17M in structural costs relating to staff redundancies and SEK 9M relating to costs for store closures in Germany.

The write-down of the ladies' wear inventory is mainly due to significant over-investment in the range of ladies' trousers with too large purchasing volumes of the spring trousers' range.

"We have now taken the consequences of the over-investment during autumn 2003 and enter the fourth quarter with fresh inventories. In order to reduce significantly the risk of making investment mistakes of this type in the future, we have implemented a number of measures. Within Ladies' Wear we have made a number of staff and management changes aimed at strengthening the business area. This involved making a number of senior executives redundant. Until now, we have also had too many inadequate systems which meant that we could not discover, early and simply, when this type of mistakes occurred. We are currently putting new IT systems in place which will increase the transparency in the company and thus give us greater control," says Conny Karlsson, Acting President and CEO of AB Lindex.

The structural costs relate to terminating the employment of the Presidents of AB Lindex and Twilfit as well as senior executives within business area Ladies' Wear.

The closure costs in Germany are for the stores for which Lindex is transferring the lease contracts to the German retail company, C&A.

The gross margin is estimated to amount to 53.8 per cent (60.4). Most of the fall in the gross margin is due to the one-off write-down of the ladies' wear inventory.

As previously announced, the full Interim Report for the third quarter will be published on 22 June 2004.

### **Board of Directors AB Lindex (publ)**

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***The Lindex Group consists of two retail chains: Lindex, which has 314 stores in the Nordic market and 30 stores in Germany, and Twilfit, which has 59 stores in Sweden of which ten are operated as franchise stores. The Group's business areas are Lingerie, Ladies' Wear and Children's Clothing.***

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